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AUX INTERNATIONAL HOLDINGS LIMITED

奧克斯國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2080)

**CONTINUING CONNECTED TRANSACTIONS:
SUPPLEMENTAL AGREEMENT IN RELATION TO
FRAMEWORK AGREEMENT FOR
PROVISION OF PROPERTY MANAGEMENT SERVICES
AND DELAY IN DESPATCH OF CIRCULAR**

**SUPPLEMENTAL AGREEMENT IN RELATION TO FRAMEWORK AGREEMENT
FOR PROVISION OF PROPERTY MANAGEMENT SERVICES**

Reference is made to the CCT Announcement in relation to, among others, the 2023 Framework Agreements. Pursuant to 2023 Framework III, Shuyi Property and its subsidiaries shall provide property management services including maintenance, cleaning and security services in connection with the offices, car park units and industrial park occupied by Ningbo Sanxing and/or its subsidiaries for a term commencing on 1 January 2024 and ending on 31 December 2026, subject to approval by the Independent Shareholders at the EGM.

On 14 December 2023, Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) entered into the Supplemental Agreement with Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) to amend certain terms of 2023 Framework Agreement III, including among others expansion of service scope to include unlet industrial park units property management services. Accordingly, the annual caps for the continuing transactions contemplated should be increased, and it is expected that the aggregate amount of fees that may be charged by Shuyi Property and/or its subsidiaries for the services to be provided during the three years ending 31 December 2024, 2025 and 2026 pursuant to the Amended 2023 Framework Agreement III shall not exceed RMB13.5 million, RMB14.5 million and RMB15.1 million respectively, being the Proposed Revised Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ningbo Sanxing is in aggregate directly held as to approximately 49.28% by Mr. Zheng Jian Jiang and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group), and Mr. Zheng Jian Jiang indirectly holds approximately 68.55% of the issued Shares. Accordingly, Ningbo Sanxing is an associate (being a 30%-controlled company) of Mr. Zheng Jian Jiang, a controlling shareholder of the Company, and hence a connected person of the Company. Therefore, the transactions contemplated under the Amended 2023 Framework Agreement III will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions contemplated under the Amended 2023 Framework Agreements exceed(s) 5% and the relevant consideration exceeds HK\$10 million (based on the largest aggregate annual cap during the term of the Amended 2023 Framework Agreements), such transactions are subject to the announcement, annual review, annual reporting, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM ARRANGEMENTS AND DELAY IN DESPATCH OF CIRCULAR

For the purpose of satisfying the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, the relevant arrangements set forth in the CCT Announcement will apply in respect of the Amended 2023 Framework Agreements as modified as follows:

- (a) the EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps). Huiji Limited and all other Shareholders materially interested in the foregoing matters shall abstain from voting on the resolutions in relation to such matters at the EGM;
- (b) the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps), and Maxa Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard; and

- (c) a circular including, among others, a letter from the Board containing (i) detailed information regarding each of the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps); (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the foregoing matters; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the foregoing matters; and (iv) a notice convening the EGM and the relevant proxy form will be despatched to the Shareholders.

Given that additional time is required for the Company to prepare and finalise the information to be contained in the circular as a result of, among others, the amendments to the terms of 2023 Framework Agreement III, it is currently expected that the latest despatch date of the circular will be postponed from 18 December 2023 (being the original latest expected despatch date as disclosed in the CCT Announcement) to 28 December 2023.

INTRODUCTION

Reference is made to the CCT Announcement. On 27 November 2023, Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer entered into 2023 Framework Agreement III for the provision by Shuyi Property and its subsidiaries of property management services including maintenance, cleaning and security services in connection with the offices, car park units and industrial park occupied by Ningbo Sanxing and/or its subsidiaries, which shall, subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2024 and ending on 31 December 2026.

SUPPLEMENTAL AGREEMENT

Given that Ningbo Sanxing and its subsidiaries are in need of unlet industrial park property management services of better quality, subsequent to conclusion of 2023 Framework Agreement III, the parties to the agreement further contemplate that maintenance, cleaning and security services in respect of unlet industrial park units owned by Ningbo Sanxing and/or its subsidiaries should also be provided, in addition to those already set forth in 2023 Framework Agreement III. This will represent a further extension of the service scope as compared with 2020 Framework Agreement III.

Therefore, on 14 December 2023, Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) entered into the Supplemental Agreement with Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) to make the following amendments to 2023 Framework Agreements III:

The scope of services to be provided by Shuyi Property and/or its subsidiaries to Ningbo Sanxing and/or its subsidiaries shall be expanded to include unlet industrial park units property management services. The type of services to be provided, pricing policy and payment arrangement in respect of such additional services (in addition to those already set forth in the section headed “The 2023 Framework Agreements – 2023 Framework Agreement III” in the CCT Announcement) is summarised as follows:

d. Unlet industrial park units property management services

Types of services to be provided:	Maintenance, cleaning and security services in respect of unlet industrial park units owned by Ningbo Sanxing and/or its subsidiaries.
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Pricing policy:	The service fees will be agreed with Ningbo Sanxing and shall be based on the prevailing rates of management fees charged by Shuyi Property and its subsidiaries in respect of leased industrial park units of independent third parties, ranging from RMB2.3 to RMB4.5 per square metre per month depending on the respective location of the properties, and shall be on terms not more favourable to Ningbo Sanxing and/or its subsidiaries than those offered by Shuyi Property and its subsidiaries to independent third parties for comparable services.
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Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:	Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.
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In the light of the expansion of the service scope, the annual caps for the continuing transactions contemplated should be increased. It is expected that the aggregate amount of fees that may be charged by Shuyi Property and/or its subsidiaries for the services to be provided during the three years ending 31 December 2024, 2025 and 2026 pursuant to the Amended 2023 Framework Agreement III shall not exceed RMB13.5 million, RMB14.5 million and RMB15.1 million respectively, being the Proposed Revised Annual Caps.

The Proposed Revised Annual Caps represent the sum of the fees expected to be chargeable by Shuyi Property and its subsidiaries in respect of all the services that may be provided under the Amended 2023 Framework Agreements III, including those services covered under 2023 Framework Agreement III and the additional services contemplated under the Supplemental Agreement. The bases of determination of annual caps in respect of the services covered under 2023 Framework Agreement III have been set forth in the section headed “The 2023 Framework Agreements – 2023 Framework Agreement III – Historical information and annual caps of

transactions contemplated under 2023 Framework Agreement III – Proposed annual caps” in the CCT Announcement, and such annual caps shall be included as part of the Proposed Revised Annual Caps. When determining the annual caps in respect of the additional services contemplated under the Supplemental Agreement, which are to be added to the annual caps in respect of the services covered under 2023 Framework Agreement III to form the Proposed Revised Annual Caps, the Directors have taken into account the following additional factors:

- (i) the historical size of unlet industrial park properties owned by Ningbo Sanxing and/or its subsidiaries which may require the property management services as follows:

	Size of unlet industrial park properties <i>(square metres)</i>
As at 31 December 2022	145,000
As at 31 October 2023	235,462

- (ii) the expected demand of Ningbo Sanxing and/or its subsidiaries for property management services for the three years ending 31 December 2024, 2025 and 2026 with reference to the unlet industrial park properties owned by them. It is estimated that the size of the unlet industrial park properties owned by Ningbo Sanxing and its subsidiaries in respect of which property management services will be required to be provided by Shuyi Property and its subsidiaries during the term of the Amended 2023 Framework Agreement III will be as follows:

	Estimated size of unlet industrial park properties <i>(square metres)</i>
Year ending 31 December 2024	235,462
Year ending 31 December 2025	235,462
Year ending 31 December 2026	235,462

Accordingly, based on the estimated average rate of monthly management fee for unlet industrial park properties ranging from RMB2.3 to RMB4.5 per square metre, the aggregate amount of management fees to be charged to Ningbo Sanxing and/or its subsidiaries in respect of the unlet industrial park units property management services to be provided for each of the three years ending 31 December 2024, 2025 and 2026 is as follows:

	Estimated management fees in respect of unlet industrial park units property management services (RMB millions)
Year ending 31 December 2024	8.7
Year ending 31 December 2025	8.7
Year ending 31 December 2026	8.7

The above estimated management fees form the basis for the annual caps in respect of the additional services contemplated under the Supplemental Agreement, i.e. unlet industrial park units property management services.

Save for the above amendments, all the terms and conditions of the 2023 Framework Agreement III as disclosed in the CCT Announcement shall remain unchanged. All such terms and conditions shall continue in full force and effect and form part of the Amended 2023 Framework Agreement III, and shall not be affected in any respect. Please refer to the section headed “The 2023 Framework Agreements – 2023 Framework Agreement III” in the CCT Announcement for further details of 2023 Framework Agreement III, including its terms and conditions and the annual caps in respect of the services covered under 2023 Framework Agreement III.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As disclosed in the CCT Announcement, it has been the Group’s intention to continue to expand its portfolio of properties management in the PRC. Listed on the Shanghai Stock Exchange, Ningbo Sanxing is an established operator in the manufacturing of electricity measurement equipment and provider of healthcare services in the PRC. The Directors believe that the further expansion of the scope of services to be provided to Ningbo Sanxing and/or its subsidiaries contemplated under the Supplemental Agreement will be to the benefit of the Group as it will secure additional revenue and cash flow from the property management business segment.

Except for Mr. Zheng Jiang, the chairman of the Board and an executive Director who is the brother of Mr. Zheng Jian Jiang (鄭堅江) and holds equity interests in Ningbo Sanxing, and Ms. Shen Guoying, an executive Director who is a director of Ningbo Sanxing and holds equity interest in Ningbo Sanxing, none of the Directors has or is deemed to have any material interest in the Supplemental Agreement, the Amended 2023 Framework Agreement III and the transactions contemplated thereunder (including the Proposed Revised Annual Caps). Mr. Zheng Jiang and Ms. Shen Guoying have abstained from voting on the relevant resolutions at the board meeting.

The terms and conditions of the Supplemental Agreement were negotiated between the parties thereto on an arm's length basis. The Directors (other than the independent non-executive Directors whose views will be given after taking the advice of the independent financial adviser) are of the view that the terms and conditions of the Supplemental Agreement and the Amended 2023 Framework Agreement III are fair and reasonable and in the interests of the Shareholders as a whole, and the continuing connected transactions contemplated under the Amended 2023 Framework Agreements III (including the Proposed Revised Annual Caps) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

MEASURES OF INTERNAL CONTROL

As disclosed in the section headed "Measures of Internal Control" in the CCT Announcement, the Company shall implement a series of internal control measures for monitoring the pricing and terms of the transactions contemplated under the 2023 Framework Service Agreements and for ensuring that the transactions conducted under such agreements will be entered into based on normal commercial terms. The Group shall adhere to such internal control measures and ensure that they are adopted in their entirety in respect of the continuing connected transactions contemplated under the Amended 2023 Framework Agreement III and the rest of the Amended 2023 Framework Agreements. Please refer to the section headed "Measures of Internal Control" in the CCT Announcement for further details of such internal control measures.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Ningbo Sanxing is in aggregate directly held as to approximately 49.28% by Mr. Zheng Jian Jiang and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group), and Mr. Zheng Jian Jiang indirectly holds approximately 68.55% of the issued Shares. Accordingly, Ningbo Sanxing is an associate (being a 30%-controlled company) of Mr. Zheng Jian Jiang, a controlling shareholder of the Company, and hence a connected person of the Company. Therefore, the transactions contemplated under the Amended 2023 Framework Agreement III will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions contemplated under the Amended 2023 Framework Agreements exceed(s) 5% and the relevant consideration exceeds HK\$10 million (based on the largest aggregate annual cap during the term of the Amended 2023 Framework Agreements), such transactions are subject to the announcement, annual review, annual reporting, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM ARRANGEMENTS AND DELAY IN DESPATCH OF CIRCULAR

For the purpose of satisfying the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, the relevant arrangements set forth in the CCT Announcement will apply in respect of the Amended 2023 Framework Agreements as modified as follows:

- (a) the EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps). Huiji Limited and all other Shareholders materially interested in the foregoing matters shall abstain from voting on the resolutions in relation to such matters at the EGM;
- (b) the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps), and Maxa Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard; and
- (c) a circular including, among others, a letter from the Board containing (i) detailed information regarding each of the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps); (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the foregoing matters; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the foregoing matters; and (iv) a notice convening the EGM and the relevant proxy form will be despatched to the Shareholders.

Given that additional time is required for the Company to prepare and finalise the information to be contained in the circular as a result of, among others, the amendments to the terms of 2023 Framework Agreement III, it is currently expected that the latest despatch date of the circular will be postponed from 18 December 2023 (being the original latest expected despatch date as disclosed in the CCT Announcement) to 28 December 2023.

INFORMATION ON PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company. The Group as a whole is principally engaged in operation of clubbing business and restaurant and bar outlets, and provision of property management services and related value-added services.

Ningbo Sanxing is a joint stock limited liability company established in the PRC, the issued shares of which are listed on the Shanghai Stock Exchange. Its principal operations include manufacturing of electricity measurement equipment and provision of healthcare services in the PRC. As at the date of this announcement, to the best of the knowledge and information of the Directors, Ningbo Sanxing is in aggregate directly held as to approximately 49.28% by Mr. Zheng Jian Jiang and the parties acting in concert with him (including Mr. Zheng Jian Jiang and AUX Group).

DEFINITIONS

Unless the context otherwise requires and save as otherwise defined in this announcement, the terms and expressions as defined in the CCT Announcement shall carry the same meanings when used in this announcement.

In addition, unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Amended 2023 Framework Agreement III”	2023 Framework Agreement III as amended by the Supplemental Agreement
“Amended 2023 Framework Agreements”	collectively, 2023 Framework Agreement I, 2023 Framework Agreement II, Amended 2023 Framework Agreement III, 2023 Framework Agreement IV and 2023 Framework Agreement V
“CCT Announcement”	the announcement of the Company dated 27 November 2023 relating to, among others, 2023 Framework Agreement III and the rest of the 2023 Framework Agreements
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, approve the Amended 2023 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps)
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Proposed Revised Annual Caps”	the proposed revised annual caps for the continuing connected transactions contemplated under the Amended 2023 Framework Agreement III for the three years ending 31 December 2026
“Supplemental Agreement”	the supplemental agreement entered into between Shuyi Property (for itself and as trustee for the benefit of its subsidiaries from time to time) and Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) on 14 December 2023 to amend certain terms of 2023 Framework Agreement III

By order of the Board
AUX International Holdings Limited
Zheng Jiang
Chairman

Hong Kong, 14 December 2023

As at the date of this announcement, the executive Directors are Mr. Zheng Jiang, Mr. Chan Hon Ki, Ms. Chen Lingxiao and Ms. Shen Guoying, and the independent non-executive Directors are Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong.

* *For identification purpose only*